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IDAHO PUBLIC
UTILITIES COMMISSION

July 16, 2020

VIA ELECTRONIC FILING

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-19-08
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
TO CLOSE THE NET METERING PROGRAM TO NEW SERVICE &
IMPLEMENT A NET BILLING PROGRAM TO COMPENSATE CUSTOMER
GENERATORS FOR EXPORTED GENERATION**

Dear Ms. Hanian:

Please find an electronic filing of Rocky Mountain Power's Reply Comments in the above referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

A handwritten signature in blue ink that reads "Joelle Steward".

Joelle Steward
Vice President, Regulation

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER TO) CASE NO. PAC-E-19-08
CLOSE THE NET METERING PROGRAM)
TO NEW SERVICE & IMPLEMENT A NET) REPLY COMMENTS OF
BILLING PROGRAM TO COMPENSATE) ROCKY MOUNTAIN POWER
CUSTOMER GENERATORS FOR)
EXPORTED GENERATION)**

Pursuant to the Notice of Supplemental Application, Notice of Public Hearing, and Notice of Comment Deadlines issued by the Idaho Public Utilities Commission (“Commission”) on May 6, 2020, Rocky Mountain Power a division of PacifiCorp (“RMP” or the “Company”) hereby submits its reply comments in the above-referenced case.

I. BACKGROUND

1. On June 14, 2019, the Company filed an application (“Application”) for authority to close Electric Service Schedule 135 - Net Metering Service (“Net Metering”) to new customer participation effective at midnight local time, December 31, 2019, and offer a

new Electric Service Schedule 136 - Net Billing Service, (“Net Billing program” or “Schedule 136”) for customers who apply to install customer generation after January 31, 2020.

2. The Application does not seek to modify retail rates that customers pay for the service the utility provides, the Application requests authorization to implement a new customer generation program, Net Billing program, that credits customer generated energy exported to the grid at a fair market based export credit rate, (“Export Credit”), rather than the full retail rate. The Application provided customers with notice of the Company’s proposal to close Schedule 135 to new customer participation and implement a new program. The Company issued a press release and customer letters were sent to all Schedule 135 customers to inform them of the proposed changes and recommended grandfathering treatment.

3. On April 23, 2020, in accordance with an agreement reached with the parties to process this case in two phases, the Company supplemented its Application by updating the Export Credit rate (“Supplemental Application”). In the Company’s original Application the Export Credit was calculated at 2.486 cents per kWh. When updated for the 2020 market prices and the integration charge from the 2019 IRP, the Export Credit was 2.234 cents per kWh. As part of the Supplemental Application, the Company requested closure of Schedule 135 to new customers effective July 31, 2020, at midnight local time, as dictated under Idaho Code §61-622, based on the original closure date requested in its Application.

4. On May 26, 2020, the intervening parties filed comments on the study design, (“Phase I”), of the Application. The Company hosted a telephonic public workshop on June 16, 2020, where it shared its study design and solicited comments, and Commission staff hosted a similar telephonic workshop on June 18, 2020, where Staff shared their position. The

Commission held a telephonic public customer hearing on June 22, 2020. Parties filed Revised Comments on July 3, 2020.

5. In its Revised Comments, filed July 3, 2020, the Company modified its request for grandfathering, seeking a fifteen year grandfathering period for Schedule 135 customers instead of the ten years originally requested. The Company provided additional analysis concerning the payback period to justify this modification. The Company also provided information about the notice existing customers have been provided concerning potential changes to the Net Metering Program.

6. Idaho Conservation League (“ICL”) filed Revised Comments on July 3, 2020, which Idaho Clean Energy Association joined without further comment. Commission staff also filed Revised Comments on July 3, 2020.

7. In response to those comments and others received from customers the Company hereby files the following Reply Comments.

II. REPLY COMMENTS

8. The Company’s Application addresses two issues: (1) fair treatment of existing Net Metering customers by grandfathering them on their current schedule while closing the program to new participants; and (2) implementation of a new Net Billing program utilizing an Export Credit rate for energy exported from customers with on-site generation back onto the Company’s grid. The Application focuses on determining whether it is fair, just, or reasonable to pay new customer generators the Company’s full retail rate for their non-firm energy exported to the grid.

GRANDFATHERING OF EXISTING NET METERING CUSTOMERS

9. After the Company filed its Application, the Commission approved grandfathering Idaho Power's existing net metering customers for 25 years.¹ The Company agrees with the Commission that grandfathering is appropriate, but does not believe twenty-five years is appropriate time period for the Company's customers, as demonstrated by its own analysis and that of solar installers. The Company acknowledges the significant investment made by customer generators and proposed they be grandfathered under the current Net Metering program for a time period that gives them an opportunity to recoup their investment. At the same time, it is important to mitigate the magnitude of cost shifting from the Net Metering program. As stated in its Revised Comments, the Company supports a fifteen year grandfathering period for all existing Schedule 135 customers.

PHASE-IN OPTION

10. Staff indicated in their comments that they do not believe that grandfathering existing customers is necessarily mutually exclusive with a transition period for new customers. Staff stated that because a future Export Credit rate could be significantly different from the retail rate, it could be reasonable to adopt both policies to limit disruption and facilitate an orderly phase-in of the new program structure.

11. While this is an implementation detail that is probably best addressed in Phase II when the specific details of a new program based on the study are determined, the Company does not believe a phase-in is reasonable, necessary, or appropriate. The Company's analysis demonstrates that a fifteen year grandfathering period on the Net Metering program is

¹ *In the Matter of the Petition of Idaho Power Company to Study the costs, benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation*, Case No. IPC-E-18-15, Order No. 34509 (December 20, 2019).

sufficient. A transition period would confuse and disrupt the move to a cost-based program structure. While there have been only a limited number of public comments, many who commented demonstrated a lack of understanding that the Net Metering program was subject to change. Customers also conflated the fact that the program is offered with it being cost-based or fair, which is not the case. It's important to set expectations and send price signals for the Net Billing program sooner rather than extend misconceptions and most importantly cost subsidies for the Net Metering program.

APPLICATION FEE

12. In Staff's comments, they recommended that the Company provide the costs incurred in processing applications for customer generators historically and then calculate an average rate per application. The Company provided this information in its initial Application filed on June 14, 2019, where it demonstrated that it expends \$85 for each customer generation application on administration, engineering review, and customer service.²

13. The Company identified engineering, administration, customer service, and billing related costs that are directly attributable to interconnecting net metering customers. These costs, shown in Exhibit No. 2 are cost-based, reasonable, and, as summarized in the Company's Application compare well to the application fees charged by other investor owned utilities in the state.

TRACKING NET METERING BILL CREDITS

14. Staff recommended the Company explain the method it currently uses to record Net Metering bill credits, the amount of these costs, and how these costs would change depending on a range of possible Export Credit rates that may be approved by the Commission.

² Direct testimony of Robert M. Meredith, pages 20-21.

The Company should then analyze how these costs have been allocated and recovered between rate classes historically and how they would be allocated and recovered through the proposed ECAM method.

15. Paragraph 2 of Schedule 135 explains the method used to record net metering bill credits. The Company's billing system measures energy usage and exported quantities, if the net of the customer's usage and exported quantities recorded by the meter is negative energy usage for the month the net kWh reduction for the month is multiplied by the Export Credit rate, which is currently the retail rate. That process won't change under the Company's proposed Net Billing program. Only the period of time and Export Credit rate would change.

16. The Company requested that the Export Credit be recovered through the ECAM, it did not propose how those costs should be spread to customer classes. Rate spread could be addressed as part of the ECAM application or Phase II of this proceeding.

MODELED DATA AS A PROXY FOR ACTUAL CUSTOMER EXPORT DATA

17. Staff has raised concerns about the Company's use of modeled data to support the Export Credit rate. However, the Company's proposal is not reliant upon an export credit profile, modeled or otherwise. In the absence of a specific customer profile, and recognizing customer behavior under the Company's proposal would vary from that of existing customer generators, the Company's proposed Export Credit rate reflects uniform deliveries across all hours.

AVOIDED ENERGY VALUE

18. Staff asserted they did not believe that the assumptions and adjustments the Company used in its proposed avoided energy value align with the value the Company uses for other resources. This is not accurate. As explained in the testimony of Mr. Daniel J.

MacNeil, when customer generation is exported to the grid, the Company can reduce the output of its generation resources or reduce the volume of its market purchases.³ The resulting reduction in fuel expense and purchased power cost is the avoided energy cost.

19. The Commission has approved the Surrogate Avoided Resource (“SAR”) Methodology for determining avoided costs for standard qualifying facility resources up to at least 100 kW in nameplate capacity.⁴ Under the SAR Methodology, avoided energy costs reflect forecast prices for natural gas and the assumed heat rate of a combined cycle combustion turbine. Monthly weighting factors are used to differentiate avoided costs by month, and an adjustment of 85 percent is applied to non-firm resources.

20. Unlike energy the Company purchases from a qualifying facility, customer generators make no commitment to deliver energy, and so the Company cannot plan, rely on, or depend on energy from their systems being available when it is needed. Energy exported from customer generators is in the strictest sense non-firm energy.

21. Staff recommended using the IRP to determine the Export Credit. The Company has four concerns with using the IRP data to set the Export Credit: first, the Commission does not approve the IRP—it only acknowledges that the Company met its filing requirements; second, the IRP relies on less current data; third, the IRP is a planning process, it does not represent the Company’s avoided costs; and fourth, there is no certainty to when the IRP will be processed by the Commission so parties wouldn’t know when the Export Credit rate would change. For example, it is now the middle of 2020, but the last IRP acknowledged by the Commission was the 2017 IRP, which used 2016 market prices.

³ Direct testimony of Daniel J. MacNeil, page 3.

⁴ *In the Matter of the Commission’s Review of PURPA QF Contract Provisions Including the Surrogate Avoided Resource and Integrated Resource Planning Methodologies for Calculating Avoided Cost Rates*, Case No. GNR-E-11-03, Order No. 32697 at 7-8 (Dec. 18, 2012).

22. The prices under the SAR methodology are updated annually, approved by the Commission, and intended to reflect the Company's avoided costs in compliance with obligations under PURPA. Customers, solar installers, and the Company would know when the rate will change. The SAR energy values are utilized to set rates for small qualified facilities. Likewise, if a customer generator exports energy onto the Company's system that generator should be treated the same as any other generator. Customers should be economically indifferent if the energy they receive is from the Company, a qualified facility, or a customer generator. Using the current avoided cost is logical, as well as administratively efficient.

23. Similarly, the non-firm pricing adjustment of 85 percent is specified in the current Schedule 135 tariff and is used to determine the pricing for excess monthly generation for customers on all Schedules other than 1, 36, 23, and 23A. This adjustment to reflect the non-firm nature of exported energy is appropriate to apply to customer generators.

AVOIDED CAPACITY VALUE

24. Staff recommends that the Company study the capacity value that customer-generators, as a class, provide to the system. As an initial matter, the Company does not believe customer-generators' non-firm energy exports add capacity value to the system. Moreover, the customer-generators avoid the full capacity value embedded in volumetric retail rates for all energy they produce and consume onsite. Second, due to the non-firm nature of the exported energy, the Company cannot plan on that energy so it must acquire resources to assure sufficient supply to serve load. Third, the Company typically meets its peak requirements with market purchases which is comparable to the value ascribed to the Export Credit by the Company. Finally, customer-generators' exported energy typically aligns with all other solar

production across the west. This means the market is saturated, with reduced prices, and excess supply, such that no capacity payment is warranted.

INTEGRATION COSTS

25. The Company continues to support inclusion of an integration cost offset to the value of the Export Credit. The impact of solar generation across the west has increased significantly since 2016 when the Company's first integration study was included in the 2017 IRP and has since been updated in the 2019 IRP. The Company included the integration costs to reduce customer benefits from its own Energy Vision 2020 resources and believes it is appropriate to account for these costs when determining the Export Credit rate. Customer generation exports are primarily sourced from rooftop solar equipment, so the inclusion of a solar integration cost is reasonable.

AVOIDED TRANSMISSION AND DISTRIBUTION COSTS

26. Customer generators' energy exports do not reduce transmission and distribution costs because any value may be exceeded by additional costs imposed by customer generation. In addition, the implementation of customer generation to defer capital investment is difficult to quantify and places undue risk on the system.

27. The Company is required to build its infrastructure to accommodate peak load conditions. The effect of distributed generation is not substantial enough to delay capital investments. For instance, in a recent substation upgrade project in Salt Lake County, Utah, where solar penetration is significantly higher than the Company's Idaho service territory it was determined that distributed generation would have to increase by five times to delay the construction of a new substation for only one year. Additionally, delaying capital investments based on customer generation poses risk to the system because, as discussed above, customer

generators are not required to provide any electricity so they cannot be relied on to meet system load requirements. Finally, as noted customer generators already avoid these costs for the energy consumed on-site, they rely on the facilities to provide ancillary services even when their own systems are generating energy it is not appropriate to pay an avoided transmission or distribution costs for a system they use to receive and export energy.

28. The additional costs to the system from customer generation are also difficult to quantify, which makes the value of the deferral of capital investments difficult to quantify. Although the Company is aware that increased penetration of customer generation can cause voltage variability issues and necessitates installing protective equipment, it is difficult to predict the quantity and timing of infrastructure improvements. Voltage variability also likely has an effect on the number of mechanical operations infrastructure such as load tap changers, regulators and switched capacitor banks experience, but again the effects are difficult to quantify.

29. Staff also identifies grid stability and resiliency as other areas of benefits that should be quantified and valued. The Company designs and operates its electric system to meet all reliability requirements, and any grid stability or resiliency concerns would be addressed via transmission or distribution system upgrades, as previously discussed, so stability and resiliency benefits would not be incremental.

AVOIDED ENVIRONMENTAL COSTS

30. Parties proposed that avoided environmental costs be studied, the Company does not believe it is appropriate to include compensation for costs not currently borne by customers. The Company does not include variable environmental costs in the natural gas plant generation underlying the SAR methodology, and it currently does not face any greenhouse

gas compliance costs associated with serving load in Idaho, so compensation for avoided greenhouse gases or other environmental costs would not be appropriate. Likewise, consistent with the SAR methodology, the Company cannot claim the renewable energy credits that could potentially be associated with customer generation exports and should not include such compensation.

OTHER BENEFITS

31. Parties indicated that the proposed study should account for enhanced cybersecurity that results from more distributed generation. However, given its non-firm and uncertain nature, customer-generator exports are unlikely to eliminate the Company's reliance on networked generation and transmission facilities, so customer generation will not increase cybersecurity.

32. Parties also urge the Company to include economic benefits of local job creation and economic activity. As stated earlier, the Company does not believe it is appropriate to include compensation for costs or benefits not borne by customers in rates.

SCHEDULE 136 IMPLEMENTATION ISSUES

33. Staff asserts that the Company's proposed Net Billing program, under which exported energy would be measured instantaneously, could not be done until the Company has deployed AMI. This is not correct. The Company can currently bill customers on the proposed Net Billing program with non-AMI meters. Currently, the meters used for the Net Metering program record total energy deliveries to the customer and total energy exports from the customer to the Company, and the Company's billing system nets those values. While the Company's Net Billing program would differentiate exported energy by time of day, this structure can be entirely supported with existing meters using the current billing system.

34. In its comments, Staff also asked the Company to explain how seasonal time differentiated prices will help align exports with system needs. The Company clarifies that such pricing will incentivize customer generators to build systems that maximize output when the customer is expected to use it and/or when Export Credits are at their highest value. Further, if a customer has load that can be shifted, like a dishwasher or electric water heater, the customer will be incentivized to do so during the off-peak times, which will benefit the Company's system by shifting loads to times when energy is less valuable.

FREQUENCY OF EXPORT CREDIT RATE UPDATES

35. Staff recommended that the Company study the impact of bi-annual updates as compared to annual updates. The Company is willing to consider bi-annual updates, it is more concerned with the source of data used for the updates than the difference between annual or bi-annual updates. The Company does not anticipate that the Export Credit rate would change dramatically from year to year under its proposal. As discussed above, the Commission should adopt an Export Credit based on the avoided cost price approved in the annual SAR docket, and not based on the IRP. Using the rates produced by the SAR method should adequately address Staff's concern and is readily transparent.

SMART INVERTER TECHNOLOGY

36. Staff recommended that the Company analyze the benefits of applying smart inverter technology in its Idaho service territory. Rocky Mountain Power, Utah State University, and EPRI are evaluating the current state of smart inverter technology and its implications for improving distributed energy resources integration. At this time, it is unclear to the Company whether there is a quantifiable benefit related to smart inverters which would accrue to non-participating customers. The Company is not opposed to continue to study

whether any benefits are achieved from smart inverter technology but does not recommend incorporating quantified benefits at this time.

CUSTOMER COMMENTS AND NOTICE

37. Staff recommended that the Company distribute notice of its Supplemental Application and public workshops broadly to all customers so that all interested customers, not just Net Metering customers, have the opportunity to be heard on this issue.

38. On June 14, 2019, when the Company filed its Application, a press release was issued and a letter was sent to all existing Net Metering customers. On April 23, 2020, when the Company submitted its updated Export Credit rate to the Commission once again it issued a press release and included bill inserts informing all customers of the Company's proposed changes to the Net Metering program and of the public workshop the Company would be hosting on June 16, 2020 to explain its proposal and seek public input and comments.

39. Excluding Commission staff and other utility participants the Company had three to five customers call into the Company's June 16th workshop. Commission Staff also held a public workshop on June 18th, and the Commission held a public hearing on June 22nd with similar levels of participation. As of July 15, 2020 there were 19 customer comments on the Commission site. The Company has over 84,000 customers in Idaho, 1,300 net metering customers, if the level of comments is an indication of concern with the Company's proposal, it is very small.

ANNUAL EXPIRATION OF EXPORT CREDITS

40. Staff recommended that the Company put forth a reasonable approach for studying the timeframe over which export credits would expire. The Company is not opposed

to analyzing longer periods, but believes that an annual expiration period is reasonable and will discourage customer generators from overbuilding their systems.

41. To encourage customers not to oversize their generation systems, the Company proposed that the export credit balance would be rolled over until March of each year for most customers and until October for irrigation customers. As noted, the purpose of both Net Metering and Net Billing is for customers to offset some or all of their energy bill with onsite generation, not for a customer to become a power producer. In Utah the value of any expiring export credits is donated to non-profit organizations, and the Company proposes the same treatment in Idaho.

REVISED COMMENTS OF COMMISSION STAFF

42. On July 6, 2020, Staff submitted Revised Comments, containing a list of topics they would like the Company to evaluate. The Company believes it has responded to most of these issues through its Application and comments and commits to continue to work with the Parties to evaluate the items the Commission directs the Parties to evaluate in Phase 2.

IDAHO CONSERVATION LEAGUE (“ICL”) STUDY THE APPROPRIATE STRUCTURE OF NET METERING SERVICE

43. ICL recommends the study design phase assess the costs and benefits of the Company’s proposals. In particular, ICL recommends considering whether the administrative costs, as well as the costs to providers and customers on the net metering sector, to implement these changes are justified by any meaningful benefit.

44. When the Company implemented its Net Metering program, the Commission order stated:⁵

⁵ *In the Matter of the Petition of NW Energy Coalition and Renewable Northwest Project to Establish Net Metering Schedules for PacifiCorp.* Case No. PAC-E-03-04, Order No. 29260.

The net metering tariff proposed by the Company provides its customers with the opportunity to offset their electric loads and energy requirements. This opportunity to run the meter backwards and offset usage is the primary purpose of net metering... The purpose of net metering is not to encourage excess generation. Developers of qualifying renewable generation resources who wish to get into the business of selling energy to the Company should, under PURPA, request firm or non-firm energy purchase contracts.

Schedule 135 and the proposed Schedule 136 support the Commission's direction that the purpose of Net Metering is not to encourage excess generation but to allow customer generators to offset their own electric load.

45. The Company's recommendation to replace Schedule 135 – Net Metering program with a new Schedule 136 – Net Billing program is designed to: pay Net Billing customers the fair market value for the energy they provide, minimize the cost shifting resulting from the Net Metering program, and to send appropriate price signals to the growing population of customers interested in installing on-site generation. Under Schedule 135, non-participating customers pay customer generators the retail volumetric rate for excess energy exported to the grid when that energy is available at much lower wholesale prices. The Company supports the development of cost-effective renewable energy and its customers' desire to install on-site generation, but simply wants to ensure that other customers are not adversely impacted through higher rates.

46. Regarding the alleged administrative burden that ICL believes such a program may impose, such concerns are unfounded. Billing customer generators on the Net Billing structure relative to the Net Metering structure is not incrementally more expensive. The same meter type and billing system can be used for both programs. Further, Net Billing is not a new program structure for the Company. The Company has an approved Net Billing program in California very similar to the one it has proposed in Idaho, under which it is currently billing

customers. Moving to the Net Billing structure for new customer generators provides a path forward to deal with the cost shifting that results from the current Net Metering program while creating cost-based actionable price signals to participants. Net Metering in its current form drives unsustainable cost shifting.

USE OF ROBUST AND VERIFIABLE DATA

47. ICL recommends that the Company conduct a fair, credible, and comprehensive study using AMI. In the absence of AMI data, it recommends a load research study be undertaken. Such a delay is unnecessary for the Commission to take action on the Application now. The Company's forecast of customer generation is reasonable, robust, and incorporates the data that is currently available. Further, the Company's proposed Export Credit rate does not presently depend upon the profile of solar generation or exports for its derivation. The Company's proposed Export Credit is based upon a flat profile, so that it may reflect the value irrespective of resource, whether it be solar, wind, or small scale hydro. To reflect the underlying variation in value that export profiles of different customer generators, the Company has proposed time-varying export rates. Customers who export at higher value times would therefore receive greater compensation for their exports.

48. Inasmuch as the Commission may require the Export Credit rate to be based upon a particular profile, the Company proposes that the export profile of the Company's customer generators in Northern Utah, who are on Schedule 136 in that jurisdiction, be used as a proxy at this time for the export profiles of customer generators in Idaho. Northern Utah is in the same climate zone as the Company's Idaho service area. As a result of the metering requirements for Utah's Schedule 136 tariff, the Company has profile data for a large

population in this group. When AMI data from customer generators is available, this source could be modified in an Export Credit rate update filing.

ELIGIBILITY REQUIREMENTS THAT IMPACT VALUE

49. ICL recommends the study design consider whether adjusting the eligibility caps based on a percentage of customer energy usage can address the allegations of cost-causation and the need to expend public resources to value a small amount of exports. Specifically, ICL recommends the study assess whether placing eligibility caps set at 100% and 125% of customer loads is a more cost-effective way to address this entire issue. They recommend 100% to comply with the Commission's prior orders defining net metering service as a program to enable customers to meet their own needs. They also recommend 125% to account for potential increases in customer needs due to a trend towards electrification of heating and transportation.

50. The Company disagrees with ICL's assertion that adjusting eligibility caps will address cost shift. The Company believes that if the Net Billing program is designed correctly to reflect a fair market value of exported energy and excess unapplied annual export credits do not rollover, customers will be appropriately incentivized to size their systems correctly.

III. CONCLUSION

51. On June 20, 2003, when the Idaho Public Utilities Commission approved Electric Service Schedule 135 – Net Metering program the Commission Order stated:

The net metering tariff proposed by the Company provides its customers with the opportunity to offset their electric loads and energy requirements. This opportunity to run the meter backwards and offset usage is the primary purpose of net metering. Under the Company proposal, a customer's monthly kilowatt-hour consumption is offset kilowatt for kilowatt at the customer's retail energy price... The purpose of net metering is not to encourage excess generation. Developers of qualifying renewable generation resources who wish to get into the business of selling energy to the Company should, under PURPA, request

firm or non-firm energy purchase contracts...we expect a report from the Company regarding the required level of subsidization by non-participants. The Commission recognizes that the full cost of the program we approve today may not be borne only by participants. Raising the cap as recommended by the Farm Bureau would only increase the level of subsidization. As part of its report to the Commission, the Company should provide the differential between the net metering purchase price it pays at retail sales rates and the wholesale cost of alternative power supplies. We also expect further information from the Company regarding cost shifting and the Company's ability to recover customer costs from program participants.⁶

52. On June 14, 2019, the Company applied to the Commission to close Schedule 135 to new customer participation, grandfather existing customers on Schedule 135, and offer Electric Service Schedule 136 – Net Billing program. Schedule 136 still provides customers the opportunity to offset their electric loads and energy requirements, meeting the Commission's stated primary purpose of net metering, the same as Schedule 135.

53. Schedule 136 includes three changes to the existing Net Metering program: First, the Company proposed implementing an Export Credit aligned with the wholesale cost of alternative power supplies for non-firm energy. The Commission noted when they approved Net Metering that the purpose was not to encourage excess generation. The Company believes the Export Credit provides customers with the appropriate price signal to right size their generation facilities to offset their own usage while not encouraging excess generation. Second, the Company proposal includes an \$85 processing fee to help offset the costs of processing and interconnecting the Net Metering customer's generation facility. Both of these changes if approved will help mitigate some of the cost shifting caused by net metering. And third, the Company proposed that unused Export Credits expire annually.

⁶ *In the Matter of the Petition of NW Energy Coalition and Renewable Northwest Project to Establish Net Metering Schedules for PacifiCorp.* Case No. PAC-E-03-04, Order No. 29260.

54. Over one year has passed since the Company filed its Application, well past the statutory period required for resolution of an application under Idaho Code §61-622. The proposals of parties and Commission Staff would delay, postpone, and study this issue indefinitely without resolving the important underlying cost shifting issue. The Company's Application is very simple: close schedule 135 to new customer participation; implement the Net Billing program that utilizes a market based non-firm energy price to send appropriate price signal to customers to right size their systems to offset their own usage; and finally use the Commission approved SAR methodology to set the Export Credit, because it treats all power producers the same and aligns closer with the Company's avoided costs.

IV. REQUEST FOR RELIEF

Rocky Mountain Power respectfully requests that the Commission issue an order authorizing the Company to: (i) close Electric Service Schedule 135 to new customer participation and cap it at the levels in place, effective at midnight local time, July 31, 2020; (ii) allow existing net metering customers and those that apply for or complete interconnection before July 31, 2020 to continue to stay on the program at the site until July 31, 2035; (iii) offer a Net Billing program to new customer generators through Schedule 136 for those who apply for interconnection starting September 1, 2020; (iv) implement an \$85 application fee for customers that apply to interconnect a customer generation system under the Net Billing program that will reflect the one-time cost to the Company associated with processing and reviewing customer generation interconnection requests; (v) require projects that apply for interconnection before August 1, 2020 to complete interconnection within a one year period of application to be eligible to stay in the Net Metering program and (vi) recover the exported

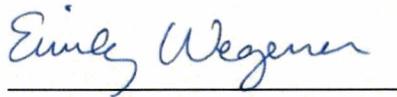
energy credits from the Net Metering and Net Billing program through the Company's annual ECAM.

At the conclusion of Phase I of this proceeding, after participating as an intervener in Case No. IPC-E-18-15, reviewing customer's written comments, and participating in the Company's, Staff's, and Commission's public workshops, the Company's fundamental position on the elements that should be included in the Export Credit has not changed. The Export Credit should include: Avoided Energy Costs, Avoided Line Losses, and Integration Costs, which have been quantified in the Company's Supplemental Application.

Parties would like the Commission to believe that exported energy from customer-owned generation is somehow different and more valuable than any other energy the Company can produce or provide, even though customer generators make no commitment to deliver energy but impose a requirement to take exported energy even when the Company does not need it. Customer generated exported energy is not more valuable, and there is no reason or justification to create a new valuation methodology. The Commission and many of these parties have already spent countless hours developing the SAR methodology to value developer-provided energy. The inputs are updated annually and Commission approved. Customers should be economically indifferent if the energy they receive is from the Company, a qualified facility, or a customer generator.

DATED this 16th day of July, 2020.

Respectfully submitted,
ROCKY MOUNTAIN POWER



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Attorney for Rocky Mountain Power

CERTIFICATE OF SERVICE

I hereby certify that on this 16th of July, 2020, I caused to be served, via electronic mail a true and correct copy of Rocky Mountain Power's Reply Comments in Case No. PAC-E-19-08 to the following:

Service List

Idaho Irrigation Pumpers Association, Inc.	
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Idaho Conservation League	
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Dated this 16th day of July, 2020.



Katie Savarin
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